

Message Text

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FM AMEMBASSY LONDON

TO AMEMBASSY KUWAIT

INFO SECSTATE WASHDC 9485

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AMEMBASSY DOHA

C O N F I D E N T I A L LONDON 04366

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, KU

SUBJECT: GULF-BP TALKS WITH GOK

REF: (A) KUWAIT 1160, (B) LONDON 8763, JULY 12, 1974

1. GULF AND BP REPS RALSTON AND SUTCLIFFE WILL ARRIVE KUWAIT MARCH 23 (PM) FOR NEXT ROUND OF TALKS WITH GOK ON REMAINING EQUITY SHAREHOLDING IN KUWAIT OIL COMPANY.
2. ACCORDING TO RALSTON AND LEWIS, GULF WANTS TO TRY TO GET AWAY FROM "BANGING HEADS" WITH ALI KHALIFA AND PUT PROBLEM IN DIFFERENT PERSPECTIVE. RALSTON HOPES TO SOUND OUT OPINIONS OF OTHER SENIOR GOK OFFICIALS AND IS PARTICULARLY INTERESTED IN SEEING PRIME MINISTER JABER AL-AHMAD IF IT CAN BE ARRANGED.
3. RALSTON IS STILL PUZZLED AS TO KUWAITI MOTIVATION FOR PRESSING EQUITY ISSUE AT THIS TIME AND IS UNCERTAIN HOW MUCH DETERMINATION THERE IS TO PROCEED QUICKLY TO
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A FINAL CONCLUSION. SIMILARLY, HE WONDERS, IN EVENT

COMPANIES AND KUWAITIS CANNOT REACH RAPID AGREEMENT, WHETHER GOK WILL RUSH NATIONALIZATION AGREEMENT THROUGH ASSEMBLY OR AGREE TO TAKING MORE TIME IN WORKING OUT ARRANGEMENTS.

4. RALSTON HOPES TO DISCUSS SITUATION IN DETAIL WITH AMBASSADOR STOLTZFUS.

5. COMMENT: FCO CONFIRMS HMG HAS GOTTEN SIMILAR DEPRESSING BUT SLIGHTLY NUANCED DESCRIPTIONS FROM BP AND GULF OF THEIR RECENT CONVERSATIONS WITH KUWAITIS. FCO ATTRIBUTES GULF'S SHADE MORE OPTIMISTIC VERSION TO ITS WEAKER CRUDE SUPPLY POSITION. WE UNDERSTAND UK EMBASSY IN WASHINGTON HAS BEEN INSTRUCTED TO DISCUSS MATTER WITH DEPARTMENT, SEEK USG ASSESSMENT AND QUERY WHETHER GULF WILL STAND FIRM AGAINST KUWAITI PRESSURE.

6. FYI: IN RESPONSE TO OUR QUERY, FCO SOURCE ACKNOWLEDGED ON CONFIDENTIAL BASIS THAT HMG WAS INFORMALLY CONSIDERING AT WORKING LEVEL PROS AND CONS OF ATTEMPTING TO RESURRECT LIBYAN "SAFETY NET" TYPE ARRANGEMENT. DEPARTMENT WILL RECALL THAT AT TIME OF KUWAIT BUYBACK NEGOTIATIONS IN JUNE-JULY 1974 DEPARTMENT OF ENERGY EXPRESSED SOME INTEREST IN SUCH AN APPROACH. END FYI

RICHARDSON

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NNN

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